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SUBJECT: AMBASSADOR'S VISIT TO KANO AUGUST 4-6, 2004

REF: ABUJA 825

1. (U) Summary and introduction. Ambassador Campbell made his first visit to Kano as US Ambassador August 4-6, 2004. The Ambassador dedicated an American Corner at the Kano State Library, met with the Governor, the Emir, and the Deputy Governor, and hosted a major reception for northern dignitaries. Three months after the riots (reftel) in Kano, the city appeared quiet and on the mend, but the erosion of the state's manufacturing base is reducing economic opportunities and could fuel further unrest. End Summary and introduction.

2. (U) The reception brought together business leaders and other notables in Kano, a city of eleven million people and Nigeria's second largest. Kano is Nigeria's Chicago, a major manufacturing center and historically the market crossroads of northern Nigeria and other Sahel countries. That crossroads makes it an important post for outreach to the Muslim community. Essentially for the same reason, it played a role in re-infecting several other African countries with polio when Kano's governor banned the immunization effort there for several months this past year. The Ambassador's speech touched on both these issues, and on our efforts to expand Nigerian exports under AGOA, on the need for Nigerian democracy, transparency and anti-corruption efforts to succeed, and on our standing with Nigerians against ethnic/religious conflict in their country.

Meeting with Governor Ibrahim Shekarau

3. (U) The Ambassador said he is happy that the scars of the May violence seem to be disappearing, and to see the polio vaccination program finally getting underway. He said he would mention these positive developments and the AGOA textile visa for Nigeria in his remarks at a reception the next evening, and he asked how Kano State's economy is doing.

4. (U) Governor Shekarau said he welcomed the textile visa and offered to do anything he could to get Kano textile manufacturers to take advantage of it. He added, "We (Kano State Government) want to support such programs."

5. (U) Shekarau then painted a dismal picture of the state's economy. He said Kano's industries have all been going downhill since before his election. The Nigerian Electric Power Authority (NEPA) cannot provide power, and his request to NEPA to give priority to industries has gone nowhere. Oil-related product prices are too high and still rising. Fuel oil is hard to get, even at high prices, to run the generators that the textile and other industries need in the absence or unreliability of NEPA electric power. Higher transportation costs have raised prices at each stage of production, including of agricultural goods. And inflation fed by all of the above is causing workers to continually ask for higher wages, which prices many industries out of Kano.

6. (U) Shekarau noted that his predecessor had started work on an independent power project for Kano state. His administration is now putting out a request for proposals. It is also considering recycling rubbish to produce electric power, and is working with an American company in Texas on a generating plant.

7. (SBU) The Ambassador asked about Islamiyyas (Koranic schools), and specifically if their graduates are finding jobs. Shekarau said they are, because Kano state introduced vocational training into the Islamiyyas' curriculum following state funding of the Islamiyyas. He later contradicted himself, however, by saying that while vocational training aims to make Islamiyya graduates self-employed, it will be a year or more before vocational training is introduced in some but not all of the Islamiyyas. (Comment. All other sources say that graduates of Islamiyyas are finding it as difficult as graduates of secular schools to find jobs, if not harder, and most are

unemployed or underemployed. End comment.)

18. (SBU) Shekarau also said the Kano State Government had been doing "reconstruction and enlightenment" even before the May riot, and that its reconciliation program is moving forward. (Comment. Every other interlocutor in Kano, including his Deputy Governor and an Imam who is involved in the reconciliation movement, said Shekarau and the state government had merely met with members of the Christian and Muslim communities, and had not achieved reconciliation. End comment.)

Meeting with Deputy Governor Abdullahi

19. (U) The Ambassador met with Kano's Deputy Governor, Engineer Magaji Abdullahi, and asked about the impact of the federal government's NEEDS program and its state government SEEDS counterpart. (NEEDS stands for Nigeria Economic Empowerment and Development Strategy.) Abdullahi replied that what had been 300-500 light industries in Kano state a few years back is now down to fewer than 200. For every 5,000 jobs lost in the textile industry, 15,000 people have lost their livelihood through a ripple effect. The state's electric power and other infrastructure is very bad, and the "Dutch Disease" effect of high world oil prices on exchange rates has priced Nigerian textiles out of the Nigerian market. Abdullahi added to Shekarau's remarks of the day before (he had been in the same meeting) that Kano is seeking U.S. investors for independent or state-owned power projects in the state. Abdullahi said U.S. companies would be coming to Kano with block-making machinery to build urban housing, and probably a plant to convert waste to energy.

110. (SBU) Abdullahi also added to Shekarau's remarks on Islamiyyas. He said the Kano government would divide them into three categories based on their readiness to cooperate with the state government. Only the Islamiyyas that will be prepared to accept state funding will be offered vocational training. He said this tactic would break the "mallams (teachers) dependence on their students begging." (Comment. Abdullahi was referring to the "majire" problem of poor students coming to study under a scholar who teaches them perhaps a few hours a day, after which they are turned loose to beg on the streets. End comment.)

111. (U) Abdullahi also said he attended the National Institute of Public Management in Washington in 1979.

Meeting with the Emir of Kano, HRH Ado Bayero

112. (U) The Ambassador made a courtesy call on Kano's traditional ruler, His Royal Highness Ado Bayero, the Emir of Kano. The Emir apologized for the few minutes delay in seeing the Ambassador, as many people seek him out to resolve disputes. In response to the Ambassador's inquiry about rainfall, the Emir said the rains had started early and had been adequate this year in most parts of Kano. He regretted that many people have abandoned agriculture, the result being lower food production and emigration from the rural to urban areas. The Ambassador replied that one of USAID's major focuses is facilitating development of Nigerian agriculture.

113. (U) The Ambassador also mentioned U.S. assistance in combating the spread of HIV/AIDS in conjunction with the federal Ministry of Health, the State Government of Kano, and various NGOs. The Emir agreed that HIV/AIDS is a scourge, but noted that Nigeria has had better luck in checking its spread than South Africa. The Ambassador expressed pleasure that Kano has resumed polio vaccinations. The Emir expressed relief that we could now put recent events behind us and said the Kano State government is encouraging traditional rulers to support vaccination. The Ambassador replied that we have an opportunity to eliminate polio from the face of the earth and our collective efforts are essential to reach this goal.

American Corner and Press Roundtable

114. (U) The opening of the American Corner was the cornerstone of the Ambassador's program and an important gesture of goodwill to the Kano community. There is much criticism of U.S. foreign policy in Kano (there has not been an American presence in the area since the closure of the USIS library a generation ago). The opening of the American Corner was a crucial opportunity both to re-engage the Kano community, as well as to provide the embassy a chance to meet local leaders and the press in a positive setting.

115. (U) The Kano State Library Board hosted a large and

enthusiastic crowd at the event. Deputy Governor Abdullahi attended the ceremony and gave remarks on behalf of the Kano State Government. The American Corner event received positive press coverage and featured prominently in the Kano press. Much reportage repeated quotes from the Ambassador's speech on the need for increased mutual understanding. The *Triumph*, a state-owned newspaper, ran a front-page banner article headlined "US, Kano Sign MOU on American Corner," with a photo of the Ambassador and the Deputy Governor signing the MOU. The language was positive, and there was also a center-page photo of the Ambassador's call on the Emir; the Ambassador and Deputy Governor shaking hands at the American Corner; and the State Commissioner of Education, Hajiya Balaraba Bello Maitama, giving her remarks. The News Agency of Nigeria's wire service also reported positively on the event; its wire was picked up and distributed across Nigeria by the Federal Radio Commission of Nigeria (FRCN). (Radio is the most widely followed news medium in Northern Nigeria.)

16. (U) Besides the opening of the American Corner, the Public Affairs Section hosted a press roundtable. The roundtable had two goals: to inform the Kano community of the true American position on certain issues, and to allow the Ambassador to introduce himself to the senior editors of important print and electronic media in Kano. The intimate set-up appeared to diffuse press hostility, and though the questions were as sharp as PAS had anticipated, the overall tone was not hostile.

17. (U) The Ambassador's points on immigrant visas were reported in a wire by the News Agency of Nigeria and broadcast by the FRCN. The latter also ran the News Agency of Nigeria's wire on textile visas and AGOA.

NEEDS and SEEDS in Kano: No Implementation

18. (U) While doing advance work with the Kano State Government, Econoff and Pol Specialist asked Governor's Permanent Secretary Fagge how state implementation of SEEDS (State Economic Empowerment and Development Strategy) was progressing. This is the envisioned state-level implementation of the National Economic Empowerment and Development Strategy (NEEDS), Nigeria's much-vaunted economic reform and poverty reduction program.

19. (U) In the presence of Econoff and Pol Specialist, Permsec Fagge phoned the Permsec of the Kano State Government Secretariat and then informed us that the Federal Government had not provided information about how it is implementing NEEDS to Kano State. As a result, the Kano State Government has not developed a SEEDS implementation plan. From Kano's perspective, NEEDS remains largely an abstraction.

Private Sector in Kano: Discouraging Environment

20. (U) Econoff and Pol Specialist talked with many other established businessmen and women during the advance work for the Ambassador's trip. Most expressed pessimism about short- and long-term prospects.

21. (U) Alhaji Bashir Borodo, the National Vice President of the Manufacturers Association of Nigeria, related how he had gone into and then out of the ice business. First, he had had to truck in water because of unreliable public supply and its low quality. Then the Nigerian Electric Power Authority (NEPA) had cut the area's power supply so severely that whenever Borodo's plant was operating, neighbors complained about power failures. Finally, Borodo ran the plant during only one shift, at night. Since it takes ten hours to make one batch of ice, he finally concluded it was not worth it and so closed the plant.

22. (U) Similarly, Dr. Junaid Muhammed, the former chairman of the National Assembly's Foreign Affairs Committee, related how he had tried to go into the soft drink business. He and his partners had bought the rights to bottle two soda brands, and he had taken a loan against his house to pay for his shares in the venture. Soon they had to set up their own treatment plant to bring the water up to standard. Then they had to install a large diesel fuel generator for electric power. They had to import their concentrate from India, their bottles from Israel, and steel sheeting for the crown caps from yet another foreign country. They also discovered that the poor condition of the roads required heavier budgeting for truck repairs, and security added a significant cost because of armed bandits on the roads. After revising their initial calculations, they found themselves 150 percent over budget. The project was pursued five years without producing a single bottle. The partners finally sold off the assets of the firm.

123. (U) Various textile entrepreneurs, most of them Kano-born Lebanese, generally believe that AGOA will not confer major advantages. Although Nigerian wages are competitive with those in East and South Asia and elsewhere in Africa, Nigeria's cost of production ultimately is higher because of lack of infrastructure. Only one entrepreneur in the leather tanning business, a Mr. Visioni, thinks that AGOA will improve his company's prospects. He manufactures leather, fine leather dyed in seasonal colors, which he ships to China by air, where it is made into Italian designer shoes. His main Italian client is investing in production in Kano, he stated. Still, even Visioni opined that no one could make a go of production in Kano unless he is willing to live there full-time and work hands-on. Visioni himself was born in Kano, as were his children.

124. (U) Econoff and Pol Specialist also stopped by the offices of the Kano Chamber of Commerce and met several members of its board and acting managing director. One board member expressed interest in developing alternative energy sources in Kano, particularly biomass power generated from municipal waste. Since Kano has little electric power and much refuse, this option could address both problems. Other members hope that AGOA will boost the textile industry in Kano but conceded that, because of inadequate roads, electric power, and water supply, their production cost structure is uncompetitive compared to that of other low-wage countries. Several members expressed hope that foreign firms will take part in the twenty-fifth Kano International Trade Fair November 27-December 6. They also said the Kano Chamber of Commerce performs due diligence on potential members before allowing them to join the chamber. If true, our Foreign Commercial Service and U.S. firms might benefit by working with the Kano Chamber of Commerce to gauge the bona fides of potential business partners in Kano.

CAMPBELL